

NOTICE TO HEALTH PLAN ENROLLEES OF ELECTION OUT OF VARIOUS PROVISIONS OF THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT

In general, a Federal law known as HIPAA (the Health Insurance Portability and Accountability Act of 1996) imposes certain requirements on group health plans. However, this law allows our plan the right to be exempt from a number of its requirements, and our plan has elected to do so. The following questions and answers discuss the consequences of this election.

What does HIPAA require, and with which of these requirements is Shelby County electing not to comply?

In general, HIPAA imposes a number of new requirements on group health plans. The following is a summary of these new requirements and those that are checked (✓) identify the ones with which Shelby County Government will comply.

- ☐ *Limitation on Exclusion for Preexisting Conditions.* Employers subject to this provision can only impose preexisting condition exclusions for a maximum of 12 months from the date of enrollment and generally must reduce the period by the months of prior health coverage an individual has had.
- ☒ *Special Enrollment Periods for Eligible Individuals Who Lose Other Coverage and for New Dependents.* Employers covered by this provision are required to establish special enrollment periods for employees and their dependents who refused coverage at the time it was offered because they were already insured.
- ☒ *Discrimination Based on Health Status.* Covered employers cannot base health plan eligibility (or continued eligibility) for an individual or an dependent on health status, medical condition, claims experience, medical history, receipt of care, genetic information, evidence of insurability, or disability.
- ☒ *Mandated Hospital Stay Following Childbirth.* Group health plans subject to this rule are now required to cover a minimum 48 hours hospital stay after a normal delivery and 96 hours after a cesarean delivery.
- ☒ *Parity for Mental Health Coverage.* This restricts health plans subject to this legislation from applying lower annual and aggregate lifetime limits to mental illness than the limits imposed on physical illness (medical and surgical services). It does not, however, require that employers offer mental health benefits, or affects the terms and conditions relating to the amount, duration, or scope of mental health benefits except in regard to parity in aggregate lifetime and annual benefits.
- ☒ *Required coverage for constructive surgery following mastectomies.* Group Health plans that provide medical and surgical benefits for a mastectomy must provide certain benefits in connection with breast reconstruction as well as certain other related benefits.

HIPAA also requires the plan to provide covered employees and dependents with a “certificate of creditable coverage” when they cease to be covered under the plan. There is no exemption from this requirement. The certificate provides evidence that you were covered under this Plan, because if you can establish your prior coverage, you may be entitled to certain rights to reduce or eliminate a preexisting condition exclusion if you join another employer’s health plan, or if you wish to purchase an individual health insurance policy.

Does Shelby County's election change my current coverage or benefits?

No. Shelby County's election results in the Plans remaining the same. You will not see any change in your coverage or benefits because of the election by Shelby County.

I heard that employers are now required to issue certificates of coverage to employees who quit or otherwise lose medical coverage. Will Shelby County be issuing these certificates?

Yes, Shelby County issues certificates of medical coverage to any employee, dependent or retiree who loses medical coverage.

If I have any questions, can I contact the plan administrator?

Yes. The name and address of the plan administrator for the Shelby County Health Care program is:

Shelby County Government
160 N. Main Street, Rm. 949
Memphis, TN 38103
Contact: Jim Martin

The plan year is: July 1st – June 30th

No portion of the Shelby County Health Care Program is provided through insurance.

The exemption from these Federal requirements will be in effect for the plan year 7/1/05 – 6/30/06. The election may be renewed for subsequent plan years.

Employee Benefits